

ECONOMIC IMPACT OF ROARING RIVER

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OVERVIEW

Roaring River is a planned community in Fayette County, West Virginia. The development will be situated on 4,300 acres near the New River. Roaring River will offer breath-taking scenic views and numerous planned amenities, including a clubhouse, equestrian facilities, tennis courts, indoor/outdoor aquatic center, hiking and biking trails, and horseback riding, among others. Over fifty percent of the project will be left as untouched green space.

This report estimates the economic impacts that will result from the construction of the infrastructure, amenities, and homes. This report does not attempt to measure the ongoing impacts that will occur from the operation and maintenance of the facility. This report also does not measure the impact of household spending that may result from new residents moving into the area, and thus these impacts should be considered conservative estimates of the total economic impacts.

Economic impacts from the construction activity are estimated for both the Fayette County economy and the West Virginia economy.

ECONOMIC IMPACT MODEL

The economic impact of Roaring River was estimated using the IMPLAN input-output model. This is a standard methodology used in numerous national and regional economic impact studies. This methodology has been used by the Bureau of Business and Economic Research (BBER), West Virginia University, to estimate the economic impact of the following West Virginia businesses or industries: The Greenbrier, West Virginia Travel and Tourism Annual Impacts, West Virginia Forest Products Industry, New Georgia Pacific Plant, West Virginia High Technology Consortium and Related Federal Facilities, and West Virginia Historic Preservation and Heritage Based Tourism, among others.

The methodology quantifies the economic impact of the entity or organization based upon the financial information available from Land Resources Companies and knowledge of the expenditure patterns within the region of interest. This study estimates the following types of impacts: business volume (sales), employee compensation, employment, and assorted state taxes. Appendix A lists the definitions of these terms. Property tax estimates provided by Land Resources Companies are also presented.

THE ECONOMIC IMPACT OF ROARING RIVER ON THE FAYETTE COUNTY ECONOMY

The economic contributions of Roaring River on the Fayette County economy will be significant. The total economic impact of the construction of Roaring River on the Fayette County economy will be greater than \$1.1 billion of business volume (Table 1). This activity will generate more than \$200 million in employee compensation and will account for 10,260 job-years¹ in Fayette County.

Table 1
Economic Impact of Roaring River
Fayette County Economy

Type of Impact	Direct Impact	Indirect and Induced Impact	Total Impact
Business Volume (Sales)	\$620,730,000	\$506,080,000	\$1,126,810,000
Employment (Job-Years)	6,050	4,210	10,260
Employee Compensation	\$123,070,000	\$77,600,000	\$200,670,000
Assorted State Taxes	\$7,105,000	\$4,673,000	\$11,778,000

Notes: Employment is reported in average annual jobs. Totals may not sum due to rounding.

Assorted state taxes include consumer sales taxes, personal income taxes, corporate net income taxes, and business franchise taxes.

This economic activity will generate significant state and local tax revenues. Assorted state taxes from the construction of Roaring River will total \$11.8 million. These taxes include consumer sales taxes, personal income taxes, corporate net income taxes, and business franchise taxes. Other state tax collections from the construction of the project are not included. Roaring River will also generate significant tax revenues in the form of property taxes to Fayette County. Fayette County property tax collections are estimated to increase by \$5.8 million. The Fayette County Board of Education will receive nearly \$4 million with the remaining nearly \$1.9 million going to the Fayette County general fund.

The economic impact of Roaring River will be felt in industries throughout the county and surrounding region. The development of Roaring River will undoubtedly bring more people into the region, some using the development for second homes. These visitors will spur additional growth in the local economy through spending at local businesses. This additional economic activity is welcome to the region that has seen a decline in tourists coming to enjoy the whitewater rafting opportunities.

Again, these impacts will be significant and are only an estimate of the construction of the project. Longer-term impacts will result from operating the amenities (clubhouse, tennis complex, etc.) and maintenance of the properties.

¹ 10,000 job-years is equivalent to 10,000 jobs for one year or 1,000 jobs for 10 years. Roaring River will be built out over a number of years and the number of annual average jobs will depend on the time required for complete build-out. Impacts used in this report assume that homes will be constructed on 80 percent of the 2,000 planned lots.

THE ECONOMIC IMPACT OF ROARING RIVER ON THE WEST VIRGINIA ECONOMY

The economic contributions of Roaring River on the West Virginia economy will be significant. The total economic impact of the construction of Roaring River on the West Virginia economy will be greater than \$1.3 billion of business volume (Table 1). This activity will generate \$245.6 million in employee compensation and will account for 11,800 job-years in the state.

While it is easy to see that Roaring River will have a significant impact of Fayette County, the state impacts provided show that the impacts from this project will be felt statewide with an additional \$204 million in business volume generated outside Fayette County. The state will also benefit from more than 1,500 additional job-years as a result of the project and \$44.9 million in additional employee compensation. Assorted state tax revenues also increase by more than \$2.7 million.

Table 2
Economic Impact of Roaring River
West Virginia Economy

Type of Impact	Direct Impact	Indirect and Induced Impact	Total Impact
Business Volume (Sales)	\$620,730,000	\$710,100,000	\$1,330,830,000
Employment (Job-Years)	6,050	5,750	11,800
Employee Compensation	\$123,070,000	\$122,490,000	\$245,560,000
Assorted State Taxes	\$7,105,000	\$7,384,000	\$14,489,000

Notes: Employment is reported in average annual jobs. Totals may not sum due to rounding.

Assorted state taxes include consumer sales taxes, personal income taxes, corporate net income taxes, and business franchise taxes.

This report shows that not only will the Roaring River development have significant impacts, but also that they will impact much more than just Fayette County. The remainder of the state will also see increased economic activity and more jobs as a result of the project.

APPENDIX A IMPACT DEFINITIONS

Assorted Taxes:	West Virginia state revenues from consumer sales tax, personal income tax, corporate net income tax, and business franchise tax.
Business Volume:	Sales plus net increase in finished inventories and the value of intra-corporate shipments. Equals output (see below) plus the cost of goods sold in retail and wholesale trade.
Employment:	The number of jobs in a business, industry, or region. Also the number of jobs attributable to an impact (see below). This is a measure of the number of full-time and part-time positions, not necessarily the number of employed persons. Annual average by place of work unless otherwise stated.
Employee Compensation:	Wages and salaries plus employers' contribution for social insurance (social security, unemployment insurance, workers compensation, etc.) and other labor income (pension contributions, health benefits, etc.). By place of work unless otherwise stated.
Impacts:	The results of the recirculation of funds throughout a regional economy due to the activity of a business, industry, or institution. Estimated by tracing back the flow of money through the initial businesses' employees and suppliers, the businesses selling to the employees and suppliers, and so on. Thus, they are a way to examine the distribution of industries and resources covered in the costs of the initial activity.
Output:	For most sectors, measured as sales plus net inventories and the value of intra-corporate shipments. For retail and wholesale trade, measured as gross margins (i.e. mark-ups on goods sold).
Value Added:	A measure of the value created by a business or industry, or attributable to an impact (see above). Equal to value of production minus the cost of purchased goods and services. Also equal to employee compensation plus capital income (profits, interest paid, depreciation charges) and indirect business taxes (e.g. severance, excise). Corresponds to the aggregate concepts of gross domestic product (GDP) and gross state product (GSP).